1	MARY ANN SMITH					
2	Deputy Commissioner SEAN ROONEY Assistant Chief Counsel VANESSA T. LU (State Bar No. 295217) Counsel					
3						
4	Department of Business Oversight 1350 Front Street, Room 2034					
5	San Diego, California 92101 Telephone: (619) 525-3727					
6	Facsimile: (619) 525-4044					
7	Attorneys for Complainant					
8	BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT					
9	OF THE STATE OF CALIFORNIA					
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11	In the Matter of:	) CFL License Nos.: 603I452, 603J950				
12	THE COMMISSIONER OF BUSINESS	) 60DBO-59285, 60DBO-63778 )				
13	OVERSIGHT,	<ul><li>ACCUSATION IN SUPPORT OF NOTICE OF INTENTION TO ISSUE ORDER REVOKING</li></ul>				
14	Complainant,	) CALIFORNIA FINANCING LAW LICENSE				
15	v.	) )				
16	NORTH AMERICAN FINANCIAL CORP,	)				
17	·	) )				
18	Respondent.	) )				
19		) )				
20		)				
21						
22	The Complainant is informed and believe	s and based upon such information and belief,				
23	alleges and charges the Respondent as follows:					
24	I.					
25	Intro	duction				
26	1. The Commissioner of Business Oversight (Commissioner) has jurisdiction over the					
27	licensing and regulation of persons and entities engaged in the business of finance lending or					
28	brokering under the California Financing Law (CFL) (Fin. Code, § 22000 et seq.).					
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	ACCU	JSATION				

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- 2. North American Financial Corp aka North American Financial WD Corp (North American) has a principal place of business at 375 North Stephanie Street, Building 18, Henderson, Nevada 89014.
- 3. On or around February 2, 2011, the Commissioner issued a CFL broker license number 603I452 to North American.
- On or around February 22, 2018, the Department began a regulatory examination of 4. North American. The examination reviewed mortgage broker activity from July 1, 2014 through April 30, 2017.
- 5. The Department's examination showed that North American conducted unlicensed lending activity in violation of Financial Code section 22100. From July 1, 2014 through April 30, 2017, North American brokered 84 loans and originated 301 unlicensed loans.
- 6. North American produced documents to the Department that showed from May 7, 2017 through August 27, 2018, licensee originated 18 additional unlicensed loans in violation of Financial Code section 22100.
- 7. On or around May 8, 2018, the Department submitted an inquiry to North American as to why the company was originating loans when its CFL license only permitted brokering. On or around May 18, 2018, North American responded with a letter stating that it mistakenly believed that its CFL broker license allowed the company to engage in lending activity.
- 8. On or around August 17, 2018, North American filed an application with the Department to amend its CFL broker license to add a CFL lenders license. North American violated Financial Code section 22170 by knowingly concealing the fact that licensee engaged in unlicensed finance lending in violation of Financial Code section 22100, from July 1, 2014 through August 27, 2018.
- 9. North American's knowingly failed to disclose in its application to the Commissioner its unlicensed finance lending is a violation of Financial Code section 22170.
- 10. On or around August 28, 2018, the Commissioner issued an amended CFL license to North American to permit loan origination and brokering in California under CFL license numbers 603J950, 60DBO-59285, and 60DBO-63778.

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## Failure to Pay Penalties Pursuant to Final Order of the Commissioner

11. In accordance with Financial Code section 22159, CFL licensees must file an annual report with the Commissioner by March 15 of each year (Annual Report).

II.

- 12. On January 16, 2018, the Commissioner notified CFL licensees of the March 15, 2018 deadline to file the annual report by sending notice to the email address of each CFL licensee established pursuant to the Commissioner's Order on Electronic Communications, dated November 22, 2013. The notification admonished licensees that the Commissioner could assess penalties and summarily revoke CFL licensees for untimely filing or failing to file pursuant to Financial Code section 22715.
- 13. On February 20, 2018, the Commissioner notified CFL licensees of the March 15, 2018 deadline to file the annual report by sending notice to the email address each CFL licensee established pursuant to the Commissioner's Order on Electronic Communications, dated November 22, 2013. The notification again warned that the Commissioner could assess penalties and summarily revoke licenses for untimely filing or failing to file pursuant to Financial Code section 22715.
- 14. North American did not file its Annual Report until March 28, 2018, 9 business days after the Annual Report was required to be filed on March 15, 2018. Pursuant to Financial Code section 22715, the maximum penalty that may be imposed for filing 9 business days late is \$2,500.00 (\$100.00 per business day for the first five business days and \$500.00 per business day thereafter up to a maximum of \$25,000.00).
- 15. On or around May 25, 2018, Respondent was served with an order imposing, penalties of \$2,500.00 pursuant to Financial Code section 22715, subdivision (b), for filing its 2017 Annual Report, 9 business days late – as required by Financial Code section 22159 (Order).
- 16. Financial Code section 22715, subdivision (d), provides, "If the licensee fails to file a written request for a hearing within 30 days of the date of service of the order [made under subdivision (b)], the order imposing the penalty shall be deemed a final order of the commissioner, and the penalty shall be paid within five business days."

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1	17.	North American did not request a hearing within 30 days of the date of service of the		
2	Order, and the Order is now a final order of the Commissioner.			
3	18.	North American did not pay the penalty imposed in the Order within five business		
4	days after the Order became a final order of the Commissioner.			
5	19.	Financial Code section 22714, subdivision (a) states, in relevant part:		
6		The commissioner shall suspend or revoke any license, upon notice and		
7		reasonable opportunity to be heard, if the commissioner finds any of the following: (1) The licensee has failed to comply with any demand,		
8		ruling, or requirement of the commissioner made pursuant to and within		
9		the authority of this division.		
10	20.	By failing to pay penalties in the amount of \$2,500.00 pursuant to the Order within		
11	five days of the Order becoming a final order of the Commissioner, North American has failed to			
12	comply with a demand, ruling, or requirement of the Commissioner made pursuant to and within			
13	the authority of the California Financing Law.			
14	III.			
15		Applicable Law		
16	20.	Financial Code section 22100, subdivision (a) states, in relevant part:		
17		No person shall engage in the business of a finance lender or broker		
18		without obtaining a licensee from the Commissioner.		
19	21.	Financial Code section 22159, subdivision (a) states, in relevant part:		

Each finance lender, broker, and program administrator licensee shall file an annual report with the commissioner, on or before March 15th, giving the relevant information that the commissioner reasonably requires concerning the business and operations conducted by the licensee or authorized by the program administrator licensee within the state during the preceding calendar year for each licensed place of business....

22. Financial Code section 22170, subdivision (a) states, in relevant part

It is unlawful for any person to knowingly alter, destroy, mutilate, conceal, cover up, falsify, or make a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the administration or enforcement of any provision of this division.

1	23.	Financial Code section 22715, subdivision (b)(1), provide part:	es in relevant	
2		[T]he commissioner may impose by order, a penalty on a	ny licansaa	
3		who does not do, within the time specified in any written	•	
4		the commissioner, either of the following:		
5		(A) Make and file with the commissioner any report requi	red by law.	
6 7		(B) Furnish any material information required by the combe included in any report required by law.	missioner to	
8	IV.			
9	Conclusion			
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11	The Commissioner finds that, by reason of the foregoing, pursuant to Financial Code section			
12	22714, grounds exist to revoke the California Financing Law license(s) of North American Financial			
13	Corp aka North American Financial WD Corp for failure to comply with a demand, ruling, or			
14	requirement of the Commissioner made pursuant to and within the authority of the California			
15	Financing Law and for engaging in unlicensed finance lending activity without a CFL lender license			
16	from July 1, 2014 through August 27, 2018.			
17	WHE	WHEREFORE, IT IS PRAYED that the California Finance Lender license of North		
18	American Financial Corp aka North American Financial WD Corp be revoked.			
19				
20	Dated: May	14, 2020 MANUEL P. ALVAREZ Commissioner of Business Oversig	rht	
21		Commissioner of Business of Grang		
22		By		
23		Vanessa T. Lu Counsel	<del></del>	
24		Enforcement Division		
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